

State of California

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Revised Legislative Change No. 08-19

Bill Number: AB 583 Author: Hancock Chapter Number: 08-735

Laws Affecting Franchise Tax Board: Sections 18798, 18798.1, 18798.2, and 18798.3 of the Revenue and Taxation Code

Date Filed with the Secretary of State: September 30, 2008

SUBJECT: Voters Fair Elections Fund

SUMMARY OF REVISION

The legislative change notice is being revised to reflect that voter approval of the California Fair Elections Act is required for the provisions of this act to become effective and operative. The effective and operative dates have been revised assuming voter approval at the next general election (2010). The remainder of the legislative change notice as originally drafted still applies.

Assembly Bill 583 (Hancock), as enacted on September 30, 2008, made the following changes subject to voter approval in the June 8, 2010, general election to laws impacting the Franchise Tax Board.

Section 18798 is added to the Revenue and Taxation Code.

This act allows taxpayers to designate their own money, not tax liability, to the Voters Fair Elections Fund ("fund"). The contributions will be made in full dollar amounts. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the individual return for the taxable year and, once made, are irrevocable. If an individual designates to more than one fund and an insufficient amount is available to satisfy the total amount designated, the contribution will be allocated among the designees on a pro rata basis. A deduction will be allowed for any contribution made.

This act specifies that the fund designation may not be added to the income tax return until another voluntary contribution designation is removed. This act requires the Franchise Tax Board (FTB) to include a designation space for the fund on the individual tax return.

Section 18798.1 is added to the Revenue and Taxation Code.

This act establishes the Voters Fair Elections Fund in the State Treasury to receive contributions made pursuant to this act.

Assistant Bureau Director

Patrice Gau-Johnson

Date

12/08/08

This act requires FTB to notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money taxpayers have designated to the fund.

The Controller is required to transfer from the Personal Income Tax Fund to the fund an amount not in excess of the amounts reported by FTB.

Section 18798.2 is added to the Revenue and Taxation Code.

This act requires that all money transferred to the fund be allocated, upon appropriation by the Legislature, first to FTB and the Controller for reimbursement of costs incurred performing their duties related to the fund. The remaining money is then allocated to the Fair Elections Fund.

Section 18798.3 is added to the Revenue and Taxation Code.

This act specifies that the provisions authorizing the fund shall remain in effect until January 1 of the fifth taxable year following the first appearance of the fund on the return. If the provisions of this act are approved by California voters at the June 8, 2010, statewide primary election, and another voluntary contribution designation is removed, the fund will initially appear on the 2010 personal income tax return filed in 2011, and will last appear on the 2014 return filed in 2015, unless it fails to meet the minimum contribution amount or a later enacted statute deletes or extends that date.

If FTB estimates in the second calendar year after the fund first appears on the return that contributions made to the fund on returns filed in that calendar year will be less than \$250,000 for the taxable year or the adjusted amount for subsequent years, this article is repealed for taxable years beginning on or after January 1 of that calendar year.

FTB is required to estimate the annual contribution amount by September 1 of each year using actual amounts contributed and an estimated contribution amount for the remainder of the year. For each calendar year beginning with the third calendar year, the minimum estimated contribution amount for the calendar year is adjusted for inflation based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year.

If the voters approve the California Fair Elections Act, this act is effective on June 9, 2010, and operative for tax returns filed on or after January 1, 2011, for the 2010 taxable year.

This act will not require any reports by the department to the Legislature.